



# HILL END GOLD LIMITED

ACN 072 692 365

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25 May 2009

The Manager  
Company Announcements Office  
Australian Securities Exchange Ltd  
20 Bridge Street  
SYDNEY NSW 2000

## RESPONSE TO ASX QUERY REGARDING ADEQUACY OF APPENDIX 5B INFORMATION

I refer to your letter dated 20 May 2009, which seeks to obtain asset and future cashflow information, that is not included in the March Quarter 2009 Appendix 5B Report to the ASX.

As shown by recent announcements, the Company continues to increase gold production from its Hawkins Hill – Reward Gold Mine, while ongoing underground development extends access to various parts of the deposit to delineate project resources, and provides additional working areas to improve productivity.

These are the Company's objectives at the Hill End operations, which have met with increasing success over the past nine months of developing the Hill End Mine, while commissioning the low cost and innovative gravity gold plant located on site.

In the March Quarter Appendix 5B Report the Company reported a \$1.4 million operations cash deficit for the past quarter. However, there was an estimated \$1.37 million in gold bullion inventory unsold and not included as a cash equivalent in the quarter. If this inventory had been included, it would have resulted in a cash neutral position, after allowing for development into gold-bearing areas which will be mined in the next quarter at the Hill End Mine.

It is forecast that the Hill End operations will be self-sustaining, covering both operating and development costs with corporate costs funded out of existing cash reserves. Expansion of the mine may be funded through new equity raisings.

The Company does not expect in future to have negative operating cash flows similar to that reported in the Appendix 5B for the March 2009 Quarter, except for accelerated underground development expenditure, which may be funded out of future equity raisings.

The Company confirms that it is in compliance with Listing Rules and in particular, Listing Rule 3.1 and is in compliance with Listing Rule 12.2.

Please advise if there is any further information you require.

Yours faithfully



Philip Bruce  
Managing Director



ASX Markets Supervision Pty Ltd  
ABN 26 087 780 489  
20 Bridge Street  
Sydney NSW 2000  
PO Box H224  
Australia Square  
NSW 1215

20 May 2009

Mr Kevin Lynn  
Company Secretary  
Hill End Gold Limited  
4 Bowen Street  
Hill End, NSW 2850

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Dear Mr Lynn,

**Hill End Gold Limited (the "Company")**

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 31 March 2009, released to ASX Limited ("ASX") on 30 April 2009 (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales and related debtors of \$2,545,000.
2. Net negative operating cash flows for the quarter of (\$1,445,000).
3. Cash at end of quarter of \$2,330,000.

In light of the information contained in the Appendix 5B please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, taking into account future administration costs, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?

5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

### **Listing rule 3.1**

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response may be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me by email at [luxmy.wigneswaran@asx.com.au](mailto:luxmy.wigneswaran@asx.com.au), or by fax on facsimile number (02) 9241 7620. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **9.30 a.m. A.E.S.T. on Monday, 25 May 2009**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries, please do not hesitate to contact me.

Yours sincerely,

*(sent electronically without signature)*

Lux Wigneswaran  
**Adviser, Issuers (Sydney)**